GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2072
ANSWERED ON:29.07.2016
NPA of MSME
P. Shri Nagarajan

Will the Minister of FINANCE be pleased to state:

(a) whether NPAs of MSME sector is on the rise;
(b) if so, the details thereof during the last three years;
(c) whether the Government proposes to take any corrective measures to reduce the number of NPAs of MSMEs; and
(d) if so, the details thereof ?

Answer

The Minister of State in the Ministry of Finance

(a) & (b) : NPAs in Micro and Small Enterprises (MSE) Sector as reported by Scheduled Commercial Banks as on March 31, 2014, 2015 and 2016 are as under :

Category of the banks Year ended % of NPA in MSE
Scheduled Commercial Banks 31-Mar-14 4.99
31-Mar-15 6.32
31-Mar-16 8.35
Source: RBI
(c) & (d): Banks have been advised to sanction limits after proper appraisal of genuine working capital requirements of the borrowers keeping in mind their business cycle and short term credit requirements. Banks have also been urged to fix realistic repayment schedules on the basis of cash flows of the borrowers.

In order to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs, Reserve Bank of India has issued guidelines on 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises" to banks for implementation thereof. The revival and rehabilitation of MSMEs having loan limits up to Rs.25 crore is to be done in terms of these guidelines.